

111TH CONGRESS
1ST SESSION

H. R. 2904

To prohibit the Federal Government from holding ownership interests, and
for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JUNE 16, 2009

Mr. MORAN of Kansas introduced the following bill; which was referred to the
Committee on Financial Services

A BILL

To prohibit the Federal Government from holding ownership
interests, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Government Owner-
5 ship Exit Plan Act of 2009”.

6 **SEC. 2. DEFINITION.**

7 In this Act—

8 (1) the term “ownership interest” means an in-
9 terest in a troubled asset described in section
10 3(9)(B) of the Emergency Economic Stabilization

1 Act of 2008 (12 U.S.C. 5202(a)(1)), as in effect on
2 the day before the date of enactment of this Act,
3 that was purchased by the Secretary under section
4 101(a)(1) of such Act (12 U.S.C. 5211(a)(1)); and
5 (2) the term “Secretary” means the Secretary
6 of the Treasury.

7 **SEC. 3. RE-PRIVATIZATION OF PRIVATE ENTITIES.**

8 (a) PROHIBITION ON FEDERAL GOVERNMENT HOLD-
9 ING OWNERSHIP INTERESTS.—

10 (1) IN GENERAL.—Beginning on the date of en-
11 actment of this Act, the Federal Government may
12 not acquire, directly or indirectly, any ownership in-
13 terest.

14 (2) DIVESTITURE.—Except as provided in sub-
15 section (b), the Secretary shall divest the Federal
16 Government of any ownership interest not later than
17 July 1, 2010.

18 (b) LIMITED AUTHORITY.—

19 (1) IN GENERAL.—Beginning on July 1, 2010,
20 the Secretary may hold an ownership interest with
21 respect to a particular entity for a period of not
22 more than 6 months if, not later than July 1, 2010,
23 the Secretary submits a report to Congress with re-
24 spect to that entity stating that—

1 (A) compliance with subsection (a)(2) with
2 respect to such entity would have a significant
3 adverse impact on the taxpayers of the United
4 States; and

5 (B) there is a reasonable expectation that
6 a waiver of subsection (a)(2) would allow the
7 Secretary to recover the cost to the Federal
8 Government of acquiring such ownership inter-
9 est.

10 (2) SINGLE RENEWAL.—The Secretary may
11 renew an extension under paragraph (1) for a single
12 period of not more than 6 months, if the Secretary
13 submits to Congress a report stating that the condi-
14 tions described in subparagraphs (A) and (B) of
15 paragraph (1) still exist with respect to the subject
16 ownership interest.

17 (c) CONFORMING AMENDMENT.—Section 3(9) of the
18 Emergency Economic Stabilization Act of 2008 (12
19 U.S.C. 5202(9)) is amended—

20 (1) in subparagraph (A), by striking “; and” at
21 the end and inserting a period;

22 (2) by striking “means—” and all that follows
23 through “residential” in subparagraph (A) and in-
24 serting “means residential”; and

25 (3) by striking subparagraph (B).

1 (d) DEPOSIT OF FUNDS.—

2 (1) IN GENERAL.—Section 115(a)(3) of the
3 Emergency Economic Stabilization Act of 2008 (12
4 U.S.C. 5225(a)(3)) is amended by striking “out-
5 standing at any one time”.

6 (2) DEPOSIT OF FUNDS INTO TREASURY.—

7 (A) IN GENERAL.—On and after the date
8 of enactment of this Act, all repayments of obli-
9 gations arising under the Emergency Economic
10 Stabilization Act of 2008 (12 U.S.C. 5201 et
11 seq.), and all proceeds from the sale of assets
12 acquired by the Federal Government under that
13 Act, shall be paid into the general fund of the
14 Treasury for reduction of the public debt, in ac-
15 cordance with section 106(d) of that Act (12
16 U.S.C. 5216(d)), as amended by this sub-
17 section.

18 (B) CONFORMING AMENDMENT.—Section
19 106(d) of the Emergency Economic Stabiliza-
20 tion Act of 2008 (12 U.S.C. 5216(d)) is amend-
21 ed by inserting “, and repayments of obligations
22 arising under this Act,” after “section 113”.

23 (e) INFLUENCE OF MANAGEMENT DECISIONS.—Title
24 I of the Emergency Economic Stabilization Act of 2008

1 (12 U.S.C. 5211 et seq.) is amended by adding at the end
2 the following:

3 **“SEC. 137. INFLUENCE OF MANAGEMENT DECISIONS.**

4 “(a) DEFINITIONS.—For purposes of this section, the
5 following definitions shall apply:

6 “(1) COVERED PERSON.—The term ‘covered
7 person’ means any person who is an officer or em-
8 ployee (including a special Government employee (as
9 defined in section 202(a) of title 18, United States
10 Code)) of the executive branch of the United States
11 (including any independent agency of the United
12 States).

13 “(2) SIGNIFICANT MANAGEMENT DECISION.—
14 The term ‘significant management decision’ includes
15 the appointment of senior executives or board mem-
16 bers, business strategies relating to production and
17 manufacturing, plant closings, the relocation of the
18 headquarters of an entity, the modification of labor
19 contracts, and other financial decisions.

20 “(b) INFLUENCE PROHIBITED.—

21 “(1) IN GENERAL.—It shall be unlawful for any
22 covered person to knowingly make, with the intent
23 to influence, a communication regarding a signifi-
24 cant management decision of a recipient of assist-

1 ance under this title to any officer or employee of
2 the recipient.

3 “(2) CRIMINAL PENALTY.—Any covered person
4 who violates paragraph (1) shall be fined under title
5 18, United States Code, imprisoned for not more
6 than 1 year, or both.

7 “(c) CIVIL ACTIONS.—

8 “(1) IN GENERAL.—The Attorney General of
9 the United States may bring a civil action in an ap-
10 propriate United States district court against any
11 covered person to enforce subsection (b).

12 “(2) CIVIL PENALTY.—Any covered person who,
13 upon proof by a preponderance of the evidence, vio-
14 lates subsection (b) shall be subject to a civil penalty
15 of not more than \$50,000 for each violation. The
16 imposition of a civil penalty under this paragraph
17 shall not preclude any other criminal or civil statu-
18 tory, common law, or administrative remedy, which
19 is available by law to the United States or any other
20 person.

21 “(3) ORDERS.—If the Attorney General of the
22 United States has reason to believe that a covered
23 person is engaging in conduct that violates sub-
24 section (b), the Attorney General may petition an
25 appropriate United States district court for an order

1 prohibiting the covered person from engaging in the
2 conduct. The court may issue an order prohibiting
3 the covered person from engaging in the conduct if
4 the court finds that the conduct constitutes a viola-
5 tion of subsection (b). The filing of a petition under
6 this paragraph shall not preclude any other remedy
7 which is available by law to the United States or any
8 other person.”.

9 (f) FEDERAL DEPOSIT INSURANCE CORPORATION.—
10 Nothing in this Act may be construed to impede the ability
11 of the Federal Deposit Insurance Corporation to maintain
12 the stability of the banking system.

13 **SEC. 4. OVERSIGHT BY FINANCIAL STABILITY OVERSIGHT**
14 **BOARD.**

15 Section 104(a) of the Emergency Economic Stabiliza-
16 tion Act of 2008 (12 U.S.C. 5214(a)) is amended—

17 (1) in paragraph (2), by striking “and” at the
18 end;

19 (2) in paragraph (3), by striking the semicolon
20 at the end and inserting “; and”; and

21 (3) by adding at the end the following:

22 “(4) reviewing the implementation of section 3
23 of the Government Ownership Exit Plan Act of
24 2009.”.

1 **SEC. 5. REPORTS REQUIRED.**

2 (a) REPORT ON FEDERAL GOVERNMENT OWNER-
3 SHIP.—

4 (1) REPORTS REQUIRED.—The Secretary shall
5 make (and shall publicly disclose) periodic reports
6 detailing any ownership interest held by the Federal
7 Government, including any loan or loan guarantee
8 made by the Board of Governors of the Federal Re-
9 serve System.

10 (2) TIMING OF REPORTS.—The Secretary shall
11 submit the reports under paragraph (1)—

12 (A) not later than October 1, 2009; and

13 (B) each quarter of the fiscal year there-
14 after.

15 (b) REPORTS ON WINDING DOWN OR DIVEST-
16 MENT.—

17 (1) REPORTS REQUIRED.—The Secretary shall
18 submit to Congress periodic reports on the plans of
19 the Secretary for compliance with this Act, including
20 any plans to wind down or divest an ownership in-
21 terest.

22 (2) TIMING OF REPORTS.—The Secretary shall
23 submit the reports under paragraph (1)—

24 (A) not later than April 1, 2010; and

1 (B) each month thereafter until all owner-
2 ship interests are divested under section
3 3(a)(2).

4 **SEC. 6. PLAN FOR GOVERNMENT SPONSORED ENTER-**
5 **PRISES.**

6 Not later than 90 days after the date of enactment
7 of this Act, the Secretary shall submit to Congress a re-
8 port describing a plan of the Secretary—

9 (1) to end the conservatorship by the Federal
10 Government of the Federal National Mortgage Asso-
11 ciation and the Federal Home Loan Mortgage Cor-
12 poration; and

13 (2) to eliminate any form of direct ownership by
14 the Federal Government of the Federal National
15 Mortgage Association and the Federal Home Loan
16 Mortgage Corporation.

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